

# **City of Minneapolis Audit Committee**

**October 31, 2012  
Regular Meeting**

**Internal Audit Department**

# Agenda



- **Third Quarter 2012 Update on Management Action Plans**
- **List of Audit Findings considered *Completed* where the City Council felt no action deemed necessary**
- **Status Update on 2012 Audit Plan**

# 2012: 3<sup>rd</sup> Quarter Update

## Status on Management Action Plans



Report Name	Department	Total Recommendations	Complete	On Track
2011-02: Police Scheduling and Time Reporting Review	Police	9	7	2
2011-05: Ampco Contract Review <sup>1</sup>	Public Works	14	14	-
2011-06: Water Revenue Capture Review <sup>2</sup>	Public Works	13	10	3
2011-07: Bank Account Reconciliation, Bank Account Access and Automated Clearing House (ACH) Transactions Review	Finance	8	5	3
2011-08: Cash Collection and Handling Review <sup>3</sup>	City-wide	7	6	1
2011-09: Impound Lot Review <sup>3</sup>	Public Works	7	6	1
2012-01: Grant Management Process Review	City-wide	4	3	1
2012-02: External Penetration Assessment <sup>3</sup>	IT	Report - Not Public Information		
2012-03: Database Access Review <sup>3</sup>	IT	Report - Not Public Information		
2012-04: Unisys Contract Review	IT	3	3	-
2012-06: Fleet Management Review	Public Works	9	1	8
2012-07: Xcel Energy, Inc. Franchise Agreement Review	Finance	2	-	2
Total		76	55	21
(Percentage of Total)		(100%)	(72%)	(28%)

<sup>1</sup> Four (4) of the 14 findings were discovered through audit work performed by Ampco's Internal Audit team.

<sup>2</sup> Nine (9) of the 13 recommendations were proposed by CDM, an outside consultant hired by Public Works.

<sup>3</sup> This review included security data that the Minnesota Data Practices Act legally classifies as not public. To protect City resources and comply with the Act, information related to these recommendations have been withheld from this chart.

## **List of Audit Findings considered *Completed* where the City Council felt no action deemed necessary**

- **2011-07: Bank Account Reconciliation, Bank Account Access and Automated Clearing House (ACH) Transactions Review**
- **2012-01: Grant Management Process Review 2012-04**
- **2012-04: Unisys Contract Review**

# 2011-07: Bank Account Reconciliation, Bank Account Access and Automated Clearing House (ACH) Transactions Review



## 1. Commercial Electronic Office (CEO) Transaction Limits and Authorization

Internal Audit Recommendation: IA recommends Finance management reevaluate the authorized user limits for wire transfers based on the normal business needs. Finance management should limit the number of authorized users for high dollar transactions to a limited number of senior management personnel.

## 2. New Signer Background Checks

Internal Audit Recommendation: IA recommends Finance management work jointly with Human Resources (HR) to conduct credit background checks, in addition to the standard background check, before any City employee is authorized to sign for a City bank account. Furthermore, Finance should perform credit background checks for internal transferred employees as previous job responsibilities may not require authorizing and signing on City bank accounts.

**June 11, 2012: Ways and Means/Budget Committee**

**<http://www.minneapolismn.gov/meetings/wm/WCMS1P-092536>**

# 2012-01: Grant Management Process Review



## 1. COMPASS Functionality

Internal Audit Recommendation: IA recommends Finance management work with COMPASS users to understand their current needs and perform a cost benefit analysis for customizing COMPASS, to better support the grant management function.

## 2. Debarred and Suspension List

Internal Audit Recommendation: IA recommends Finance management establish written policies and procedures to assign responsibility for verifying contractors are not on the Excluded Parties List System (EPLS) and to establish the frequency of monitoring existing contractors.

**April 23, 2012: Ways and Means/Budget Committee**

**<http://www.minneapolismn.gov/meetings/wm/WCMS1P-090251>**

# 2012-04: Unisys Contract Review (cont.)

## 1. Review of Payments

Internal Audit Recommendation:

- Retain evidence of monthly invoice review in detail to ensure payment already made is accurate. Additionally, management should request Unisys provide adequate details on all invoices to allow for appropriate invoice review by management.
- Develop more detailed procedures to ensure an effective verification process has been performed when payment is made (e.g. the calculations on invoices are verified for accuracy, rates are compared to contract rates, etc.).
- Institute a more robust review process for approval of *Change Order* (C/O) charges that includes verification of the correct coding, costs and totals. Accuracy of charges should be verified by re-performing the calculations.

**October 1, 2012: Ways and Means/Budget Committee**

**<http://www.minneapolismn.gov/meetings/wm/WCMS1P-097254>**

# 2012-04: Unisys Contract Review (cont.)

## 2. Contract Monitoring

### Internal Audit Recommendation:

- Request that Unisys provide summaries as stated in Exhibit 3, Section 7 of the Unisys contract to assist in contract monitoring and establish a process to track and monitor key issues going forward. In addition, IA recommends IT management request a copy of the reports/audit findings for the last three years and get an update from Unisys on the status of action plans on the key findings, as appropriate.
- Develop a process that allows the City to adequately monitor Unisys when determining whether they have provided the most favored equipment prices as well as taken advantage of any special promotional rates or discounts offered for a limited period of time. In addition, IA recommends IT management request relevant information from Unisys for the last three years and claim any cost savings, if applicable.
- Communicate to Unisys in writing, as specified in the contract, all disputed invoices, including inaccurate charges.
- Consider leveraging third-party cost benchmarks to assess the quality and price of services, if Unisys and IT are not able to compromise and determine a methodology for this clause. In addition, IA recommends that when IT management is negotiating a different contract or renewing the current contract, the benchmarking process/criteria, if applicable, should be clearly defined in the new Master Agreement.

**October 1, 2012: Ways and Means/Budget Committee**

**<http://www.minneapolismn.gov/meetings/wm/WCMS1P-097254>**



# 2012-04: Unisys Contract Review (cont.)

## 3. Review of SSAE 16 reports of Unisys

Internal Audit Recommendation:

- Develop written procedures that adequately guide IT personnel in requesting and reviewing the external Statement on Standards for Attestation Engagements (SSAE 16) reports of Unisys in a timely manner.

**October 1, 2012: Ways and Means/Budget Committee**

**<http://www.minneapolismn.gov/meetings/wm/WCMS1P-097254>**

# Status Update on 2012 Audit Plan



No.	Review Name	Department	Current Phase	Comments
1	Fleet Management	Public Works	Completed	Report has been published.
2	Xcel Energy Inc.	Finance	Completed	Report has been published.
3	Loan C	Finance/CPED	Reporting	Report is expected to be presented to Audit Committee on November 14 <sup>th</sup> .
4	General Ledger	Finance	Fieldwork	Field work is in progress.
5	Accounts Payable	Finance	Fieldwork	Field work is in progress.
6	Application Security	IT/Finance/HR	Planning	In the process of contracting a consulting firm to perform the audit.